

No. 11745

IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

GEORGE T. GOGGIN, Trustee in Bankruptcy of the
Estate of David Ciphers Dudley, doing business as
Dave Dudley and Hollywood Leather Goods Mfg.
Co., Bankrupt,

Appellant,

vs.

DAVID CIPHERS DUDLEY, doing business as Dave
Dudley and Hollywood Leather Goods Mfg. Co.,
Bankrupt,

Appellee.

TRANSCRIPT OF RECORD

Upon Appeal from the District Court of the United States
for the Southern District of California,
Central Division

FILED

JAN 11 1948

PAUL P. O'BRIEN,
CLERK

No. 11745

IN THE

United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

GEORGE T. GOGGIN, Trustee in Bankruptcy of the
Estate of David Ciphers Dudley, doing business as
Dave Dudley and Hollywood Leather Goods Mfg.
Co., Bankrupt,

Appellant,

vs.

DAVID CIPHERS DUDLEY, doing business as Dave
Dudley and Hollywood Leather Goods Mfg. Co.,
Bankrupt,

Appellee.

TRANSCRIPT OF RECORD

Upon Appeal from the District Court of the United States
for the Southern District of California,
Central Division

INDEX

[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italics; and likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible an omission from the text is indicated by printing in italics the two words between which the omission seems to occur.]

	Page
Adjudication and Order of Reference.....	32
Appeal:	
Notice of	62
Statement of Points Upon Which Appellant Intends to Rely on (Circuit Court).....	65
Bond of Trustee and Order of Approval.....	33
Certificate of Clerk.....	63
Findings of Fact, Conclusions of Law and Order of Referee re Exempt Property.....	42
Judgment on Order on Petition for Review.....	61
Memorandum of Opinion of Referee.....	41
Names and Addresses of Attorneys.....	1
Notice of Appeal.....	62
Notice of Hearing of Referee's Certificate on Review..	48
Objections to Trustee's Report of Exempt Property....	40
Opinion of Judge on Petition for Review.....	49
Order on Petition for Review.....	60
Petition and Schedules in Bankruptcy, Debtor's.....	2
Schedule A—Statement of All Debts of Bankrupt....	6
Schedule B—Statement of All Property of Bankrupt	21
Petition for Review of Referee's Findings of Fact, Conclusions of Law and Order re Exempt Property	45
Referee's Certificate on Review.....	36
Statement of Points Upon Which Appellant Intends to Rely on Appeal (Circuit Court).....	65
Trustee's Report of Exempt Property.....	39

NAMES AND ADDRESSES OF ATTORNEYS:

For Appellant:

CRAIG & WELLER

RUSSELL B. SEYMOUR

THOMAS S. TOBIN

Room 817, 111 West Seventh Street
Los Angeles 14, Calif.

For Appellee:

COBB & UTLEY

639 South Spring Street
Los Angeles 14, Calif. [1*]

DEBTOR'S PETITION

Form No. 1

In the District Court of the United States for the
Southern District of California
Central Division

In Bankruptcy No. 44706-Y

In the Matter of DAVID CIPHERS DUDLEY, dba
DAVE DUDLEY and HOLLYWOOD LEATHER
GOODS MFG. CO.,

Bankrupt.

To the Honorable.....Judge of the
District Court of the United States for the Southern
District of California:

The Petition of David Ciphers Dudley, dba Dave Dudley and Hollywood Leather Goods Mfg. Co., residing at No. 1201 N. Gower St., Apt. 232, in the County of Los Angeles, State of California, by occupation a leather goods manufacturer, and employed by.....
(or engaged in the business of leather goods manufacturing), respectfully represents:

1. Your petitioner has had his principal place of business (or has resided, or has had his domicile) at 1463 North Vine Street, Hollywood, California, within the above judicial district, for a longer portion of the six months immediately preceding the filing of this petition than in any other judicial district.

2. Your petitioner owes debts and is willing to surrender all his property for the benefit of his creditors, except such as is exempt by law, and desires to obtain the benefit of the Act of Congress relating to bankruptcy.

3. The schedule hereto annexed, marked Schedule A, and verified by your petitioner's oath, contains a full and true statement of all his debts, and, so far as it is possible to ascertain, the names and places of residence of his creditors, and such further statements concerning said debts as are required by the provisions of said Act.

4. The schedule hereto annexed, marked Schedule B, and verified by your petitioner's oath, contains an accurate inventory of all his property, real and personal, and such further statements concerning said property as are required by the provisions of said Act.

Wherefore your petitioner prays that he may be adjudged by the court to be a bankrupt within the purview of said Act.

DAVID CIPHERS DUDLEY

Petitioner

COBB & UTLEY

By Francis B. Cobb

Attorneys for Petitioner

[Verified.] [2]

SUMMARY OF DEBTS AND ASSETS
(From the Statements of the Debtor in
Schedules A and B)

		Dollars	Cents
Schedule A....1—a	Wages	839.65	
Schedule A....1—b (1)	Taxes due United States	8043.48	
Schedule A....1—b (2)	Taxes due States.....	835.24	
Schedule A....1—b (3)	Taxes due counties, districts and municipi- palities		20.82
Schedule A....1—c (1)	Debts due any person, including the United States, having prior- ity by laws of the United States		none
Schedule A....1—c (2)	Rent having priority....		none
Schedule A....2	Secured claims.....	9423.57	
Schedule A....3	Unsecured claims.....	19,209.73	
Schedule A....4	Notes and bills which ought to be paid by other parties thereto		none
Schedule A....5	Accommodation paper..		none
Schedule A, total		\$38,372.49	
<hr style="border-top: 3px double #000;"/>			
Schedule B....1	Real estate		none
Schedule B....2—a	Cash on hand.....		40.00
Schedule B....2—b	Negotiable and non-ne- gotiable instruments and securities.....		none
Schedule B....2—c	Stocks in trade.....	5361.48	
Schedule B....2—d	Household goods.....	750.00	
	Wearing apparel.....		300.00

		Dollars	Cents
Schedule B....2—e	Books, prints and pictures		none
Schedule B....2—f	Horses, cows and other animals		none
Schedule B....2—g	Automobiles and other vehicles	1875.00	
Schedule B....2—h	Farming stock and implements		none
Schedule B....2—i	Shipping and shares in vessels		none
Schedule B....2—j	Machinery, fixtures, and tools	12,183.50	
Schedule B....2—k	Patents, copyrights, and trade-marks		none
Schedule B....2—l	Other personal property		unknown
Schedule B....3—a	Debts due on open accounts	4292.50	
Schedule B....3—b	Policies of insurance....		no value
Schedule B....3—c	Unliquidated claims.....		none
Schedule B....3—d	Deposits of money in banks and elsewhere	2779.65	
Schedule B....4	Property in reversion, remainder, expectancy or trust.....	2500.00	
Schedule B....5	Property claimed as exempt	3550.00	
Schedule B....6	Books, deeds and papers		none

Schedule B, total \$30,082.13

David Ciphers Dudley Petitioner

(1)

[3]

SCHEDULE A.

STATEMENT OF ALL DEBTS OF BANKRUPT

Schedule A-1.

Statement of all creditors to whom priority is secured by the act.

A.—Wages due workmen, servants, clerks, or traveling or city salesmen on salary or commission basis, whole or part time, whether or not selling exclusively for the bankrupt, to an amount not exceeding \$600 each, earned within three months before filing the petition

Reference to Ledger or Voucher.—Names of Creditors.—Residences (if unknown, that fact must be stated).—When and where incurred or contracted.—Whether claim is contingent, unliquidated or disputed.—Nature and consideration of the debt: and whether incurred or contracted as partner or joint contractor and, if so, with whom.

	Amount due or Claimed. Dollars Cents
Cyril Baxstresser, 254 Columbia Place, Los Angeles 26, Calif.	104.25
Pauline Edwards, 668 Cypress Avenue, Los Angeles 31, Calif.	91.03
Morris Febber, Tahoe Hotel, Venice, Calif.	103.37
Reeves Buttner, 9928 Provo Avenue, Tujunga, Calif.	16.54
Joe Greenberg, 205 South Fuller, Los Angeles 36, Calif.	251.58
Richard G. Smith, 660 S. Stanford, Los Angeles, Calif.	210.78

	Amount due or Claimed.	
	Dollars	Cents
A.Brady, 144½ West Avenue 31, Los Angeles 31, Calif.	62	10

B.—Taxes due and owing to—(1) The United States	\$8043.48
(2) The State of California.....	835.24
(3) The county, district or municipality of Los Angeles	20.82
..... State of.....	

Reference to Ledger or Voucher.—Names of Creditors.—Residences (if unknown, that fact must be stated).—When and where incurred or contracted.—Whether claim is contingent, unliquidated or disputed.—Nature and consideration of the debt; and whether incurred or contracted as partner or joint contractor and, if so, with whom.

City of L. A. sales taxes—	\$20.82	U. S. Government	
State sales tax	\$106.27	Excise taxes	\$927.49
State—SUI employees	94.24	FOB employees	94.24
State—SUI employer	480.22	FOB employer	177.86
State—income tax	154.51	WH	1990.53
	—	FUI	53.36
	\$835.24	Income tax (?)	4800.00
			<hr/>
			\$8043.48

C.—(1) Debts owing to any person, including the United States, who by the laws of the United States is entitled to priority.

Reference to Ledger or Voucher.—Names of Creditors.—Residences (if unknown, that

Amount due
or Claimed.
Dollars Cents

fact must be stated).—When and where incurred or contracted.—Whether claim is contingent, unliquidated or disputed.—Nature and consideration of the debt; and whether incurred or contracted as partner or joint contractor and, if so, with whom.

None

none

C.—(2) Rent owing to a landlord who is entitled to priority by the laws of the State of, accrued within three months before filing the petition, for actual use and occupancy.

Reference to Ledger or Voucher.—Names of Creditors.—Residences (if unknown, that fact must be stated).—When and where incurred or contracted.—Whether claim is contingent, unliquidated or disputed.—Nature and consideration of the debt; and whether incurred or contracted as partner or joint contractor and, if so, with whom.

None

none

Total \$9739.19

David Ciphers Dudley Petitioner

(2)

[4]

Schedule A-2.

Creditors Holding Securities

N. B.—Particulars of securities held, with dates of same, and when they were given, to be stated under the names of the several creditors, and also particulars concerning each debt, as required by the Act of Congress relating to Bankruptcy, and whether contracted as partner or joint contractor with any other person, and if so, with whom.)

Reference to Ledger or Voucher.—Names of Creditors.—Residences (if unknown, that fact must be stated).—Description of Securities.—When and where debts were contracted, and nature and consideration thereof.—Whether claim is contingent, unliquidated or disputed.

	Value of Securities		Amount due or Claimed.	
	Dollars	Cents	Dollars	Cents
I. M. Ward, 900 S. Main Street, Los Angeles, Calif.	309.00		159.00	
Conditional sales contract covering three show cases located at 1645 Cahuenga Boulevard, Hollywood, California				
Bank of America N. T. & S. A., Gower & Sunset Branch, Los Angeles, California	12,750.00		6236.25	
Conditional sales contract on household furnishings located at 1201 N. Gower St., Apt.				

	Value of Securities		Amount due or Claimed.	
	Dollars	Cents	Dollars	Cents
232, Los Angeles, California, machinery & equipment, fur- niture & fixtures at 1121 Lil- lian Way, 1755½ Glendale Blvd., and 1463 N. Vine Street, Los Angeles, Calif. approx.				
Bank of America N. T. & S. A., Gower & Sunset Branch, Los Angeles, California				
Chattel mortgage on 1941 Pontiac 8 Sedan	1,250.00		969.84	
Chattel mortgage on 1939 Pontiac Club Coupe	625.00		558.48	
Andy H. & Fannie Anderson, 1895 Indianapolis Ave., Riv- erside, California	4,000.00		1500.00	
Conditional sales agreement and note covering business, machinery and equipment, furniture and fixtures at 1645 Cahuenga Blvd.				
Total			\$9,423.57	
David Ciphers Dudley Petitioner				
(3)			[5]	

Schedule A-3.

Creditors whose Claims are Unsecured

(N. B.—When the name and residence (or either) of any drawer, maker, endorser, or holder of any bill or note, etc., are unknown, the fact must be stated, and also the name and residence of the last holder known to the debtor. The debt due to each creditor must be stated in full, and any claim by way of set-off stated in the schedule of property.)

Reference to Ledger or Voucher.—Names of Creditors.—Residences (if unknown, that fact must be stated).—When and where contracted.—Whether claim is contingent, unliquidated or disputed.—Nature and consideration of the debt, and whether any judgment, bond, bill of exchange, promissory note, etc., and whether contracted as partner or joint contractor with any other person: and, if so, with whom.

	Amount due or Claimed.	
	Dollars	Cents
Acorn Supply, 1022 W. 11th Street, Los Angeles, Calif.	4	85
Alberta Prods, 246 East 44th Street, New York, N. Y.	28	10
Algene Mfg. Co., 583 Sixth Ave., N. Y., N. Y.	50	40
Alzheimer & Baer, 1436 Merchandise Mart, Chicago, Ill.	904	30
American Mfg. Co., Chattanooga, Tenn.	158	81
American Linen, 201 N. Westmoreland Ave., Los Angeles, Calif.	2	54

	Amount due or Claimed.	
	Dollars	Cents
American Type Founders, 200 Elmora Ave., Elizabeth B., New Jersey		18.85
Andrews Hdwe. & Metal, 334 S. Main Street, Los Angeles, Calif.		288.65
Artcraft Paper Box Co., 1054 W. Slauson Ave., Los Angeles, Calif.		151.95
Barker-Allen Elec., 1624 Cahuenga Blvd., Hollywood, Calif.		97.04
Wray Bertholf, 6128 Hollywood Blvd., Holly- wood, Calif.		52.50
Bulwin Mfg., 341 Wall, Los Angeles, Calif.		12.75
C. & H. Prods., 617 S. Olive St., Los Angeles, Calif		70.50
Calif. Jewelry, 424 S. Broadway, Los Angeles, Calif.		42.00
Calif. Piece Dye Wks., 344 S. Avenue 17, Los Angeles, Calif.		17.50
Century Sheet Metal, 6324 Santa Monica Blvd., Los Angeles, Cal.		20.10
Century Specialty, 412 S. Wells St., Chicago, Ill.		107.35
Citizens News, 1545 N. Wilcox Ave., Holly- wood, Calif.		262.70
Citro Mfg. Co., 414 Broadway, New York, N. Y.		72.18
City transportation, 1120 S. Olive St., Los Angeles, Calif.		38.68
Classy Novelty Corp., 1261 Broadway, New York, N. Y.		114.10

	Amount due or Claimed.	
	Dollars	Cents
Herbert A. Cohen, 116 New Montgomery St., San Francisco, Calif.	74.	25
Continental Detective, 124 W. 6th Street, Los Angeles, Calif.	25.	00
Day Lite Dist. Co., 8200 Long Beach Blvd., Los Angeles, Calif.	128.	79
Dept. of Water & Power, 207 S. Broadway, Los Angeles, Calif.	38.	76
Enger-Kress Co., West Bend, Wisconsin	13.	88

Total

David Ciphers Dudley Petitioner

(4)

[6]

Schedule A-3 Continued

Creditors whose Claims are Unsecured

(N. B.—When the name and residence (or either) of any drawer, maker, endorser, or holder of any bill or note, etc., are unknown, the fact must be stated, and also the name and residence of the last holder known to the debtor. The debt due to each creditor must be stated in full, and any claim by way of set-off stated in the schedule of property.)

Reference to Ledger or Voucher.—Names of Creditors.—Residence (if unknown, that fact must be stated).—When and where contracted.—Whether claim is contingent, unliquidated or disputed.—Nature and con-

sideration of the debt, and whether any judgment, bond, bill of exchange, promissory note, etc., and whether contracted as partner or joint contractor with any other person: and, if so, with whom.

	Amount due or Claimed.	
	Dollars	Cents
Fenichel Leather Goods Co., 444 Broome St., New York	42	75
Firman Leather Goods Co., 48 Walker St., New York	360	90
Fresh Puro Water, 4430 York Blvd., Los An- geles, Calif.	13	59
General Bldg., Serv., 5610 Camellia Ave., North Hollywood, Calif.	231	00
Thomas H. Gibbons, 509 S. Franklin St., Chicago, Ill.	538	30
Golden State Leather, 3155 S. Olive Street, Los Angeles, Calif.	64	00
Gould & Lending, 4453 Whittier Blvd., Los Angeles, Calif.	36	90
Arthur E. Gray, 2510 Sunset Blvd., Los An- geles, Calif.	19	39
Great Western Steel Co., 1011 E. 61st St., Los Angeles, Calif.	15	08
Halvorfold-Kwikprint Co., 700 E. Union St., Sta. G., Jacksonville, Fla.	10	13
John Hassall Inc., Clay & Oakland Sts., Brooklyn 22, N. Y.	207	38
Hebb Lea. Co., Inc., 112 Beach St., Boston, Mass.	3752	64
Holly-Beverly Type. Co., 1649 N. Wilcox Ave., Los Angeles, Calif.	8	75

	Amount due or Claimed.	
	Dollars	Cents
Independent Directory, 610 S. Broadway, Los Angeles, Calif.	30.00	
Stanley O. Jacobs Co., 315 W. Fifth St., Los Angeles, Calif.	26.93	
Jay-Dee Lea., P. O. Box J. D., Redwood City, Calif.	138.00	
Harold B. King, 530 W. 6th Street, Los Angeles, Calif.	98.82	
Kingsley Stamping, 1606 Cahuenga, Hollywood, Calif.	2.58	
Knight Lea. Prod. Co., 712 Beacon St., Boston, Mass.	285.00	
Leather Supply Co., 909 S. Hill Street, Los Angeles, Calif.	159.94	
Lewis Transfer Co., 1025 Wall St., Los Angeles, Calif.	19.91	
P. B. McMillen, 2430 Lister Ave., Kansas City, Mo.	27.30	
MacPherson Leather Co., 250 S. Spring Street, Los Angeles, Calif.	265.96	
Manufacturers Supplies, 716 N. 18th St., St. Louis, Mo.	112.80	
H. S. Means Co., 5894 W. Adams Blvd., Culver City, Calif.	30.20	

Total

David Ciphers Dudley Petitioner

Schedule A-3, Continued

Creditors whose Claims are Unsecured

	Amount due or Claimed.	
	Dollars	Cents
J. A. Meyers, 1031 W. 7th Street, Los Angeles, Calif.	90.45	
Monarch Alarm Burglar, 1101 W. Olympic, Los Angeles, Calif.	14.04	
Moore Business Forms, 5750 Hollis St., Emeryville, Calif.	221.72	
Dr. E. E. Moran, 6312 Sunset Blvd., Hollywood, Calif.	5.00	
Mutual Brief Case Co., 133 Kossuth St., Newark, N. J.	140.76	
New Bedford Luggage Co., 274 Belleville Ave., New Bedford, Mass.	554.04	
Olympic Luggage Corp., P. O. Box 159, Kane, Pa.	152.40	
Pacific Hide & Leather Co., 718 E. Washington Blvd., Los Angeles, Calif.	46.95	
Pacific Metals Co., 1400 S. Alameda St., Los Angeles, Calif.	89.20	
Peter's Bag & Novelty Corp., 3 W. 18th St., New York, N. Y.	3.00	
Photo Luggage Supply, 130-42 87th Ave., Jamaica, N. Y.	67.60	
W. W. Pritchard, 543 W. Alice, Inglewood, Calif.	62.56	
Presto Lock Co., 100 Outwater Lane, Garfield, N. J.	5.29	

	Amount due or Claimed.	
	Dollars	Cents
Prime Leather, 101 Beekman St., New York 7, New York	204.20	
Progress Case & Bag Co., 1100 W. Washing- ton Blvd., Chicago 7, Ill.	142.80	
Quick Service Transfer Co., 765 Stanford Ave., Los Angeles, Cal.	22.66	
Rau Fastener Co., 102 Westfield St., Provi- dence, R. I.	88.00	
The Robbins Co., Attleboro, Mass.	235.30	
Sherwood Mfg. Co., 1824 Magnolia Ave., Los Angeles, Calif.	18.00	
Seward Truck & Bag Co., Petersburg, Virginia	114.60	
The Sheldon Co., 2143 S. Los Angeles St., Los Angeles, Calif.	5.50	
Stephens, Inc., 182 N. Hawthorne Blvd., Haw- thorne, Calif.	76.97	
So. Calif. Gas Co., Hollywood Sta., Box 2111, Hollywood, Calif.	8.56	
So. Calif. Tele. Co., 1429 N. Gower St., Los Angeles 28, Calif.	180.42	
S. V. Co., 700 Oakford Dr., Los Angeles, Calif.	15.00	
Talon, Inc., 762 E. Pico Street, Los Angeles, Calif.	51.49	
Travel Prods., 900 Fifth Ave., Pittsburgh, Pa.	181.65	
Trojan Lacquer, 4090 E. Washington Blvd., Los Angeles, Calif.	11.80	

David Ciphers Dudley Petitioner

Schedule A-3, Concluded

Creditors whose Claims are Unsecured

	Amount due or Claimed.	
	Dollars	Cents
Unexcelled Die & Supply Co., 4722 Newcove Pl., St. Louis, Mo.	118.03	
Universal Craftsmen Co., 354 Fourth Ave., New York, N. Y.	172.50	
U. S. Luggage & Leather Prods. Co., 29 W. 34th St., N. Y.	117.74	
Unique Leather Goods Co., 747 S. Hill St., Los Angeles, Calif.	7.50	
Valley Express Co., 605 W. 7th Street, Los Angeles, Calif.	.90	
Western Felt Works, 4029 Ogden Ave., Chicago, Illinois	22.25	
Wildberg Bros., 635 S. Hill St., Los Angeles, Calif.	1383.86	
Wilson Gold Stamp Mach. Co., 1855 Hillhurst Ave., Hollywood, Cal.	7.21	
Markham Properties, 1545 N. Wilcox Ave., Hollywood, Calif.	150.00	
Citizens National Bank, 457 S. Spring St., Los Angeles, Calif.	125.00	
Truck Ins. Exchange, 4680 Wilshire Blvd., Los Angeles, Calif.	unknown	
Imogen Dudley, aka Emma Jean Dudley, ad- dress unknown	5000.00	
Burk Mathes, attorney for Imogene Dudley 426 Rowan Building, Los Angeles, California		
Total.....	\$19,209.73	

David Ciphers Dudley Petitioner

Schedule A-4.

Liabilities on Notes or Bills Discounted which ought to be Paid by the Drawers, Makers, Acceptors, or Indorsers.

(N. B.—The dates of the notes or bills, and when due, with the names, residences, and the business or occupation of the drawers, makers, acceptors, or indorsers thereof, are to be set forth under the names of the holders. If the names of the holders are not known, the name of the last holder known to the debtor shall be stated, and his business and place of residence. The same particulars shall be stated as to notes or bills on which the debtor is liable as indorser.)

Reference to Ledger or Voucher.—Names of holders as far as known.—Residences (if unknown, that fact must be stated).—Place where contracted.—Whether claim is disputed.—Nature and consideration of liability, whether same was contracted as partner or joint contractor, or with any other person: and, if so, with whom.

Amount due
or Claimed.
Dollars Cents

None

None

Total None

David Ciphers Dudley Petitioner

Schedule A-5.

Accommodation Paper.

(N. B.—The dates of the notes or bills, and when due, with the names and residences of the drawers, makers, acceptors, and indorsers thereof, are to be set forth under the names of the holders; if the debtor be liable as drawer, maker, acceptor, or indorser thereof, it is to be stated accordingly. If the names of the holders are not known, the name of the last holder known to the debtor should be stated with his residence. Give same particulars as to other commercial paper.)

Reference to Ledger or Voucher.—names of Holders.—Residences (if unknown, that fact must be stated).—Names and residences of persons accommodated.—Place where contracted.—Whether claim is disputed.—Whether liability was contracted as partner or joint contractor, or with any other person: and, if so, with whom.

Amount due
or Claimed.
Dollars Cents

None

None

Total None

Dave Dudley

David Ciphers Dudley Petitioner

OATH TO SCHEDULE A

State of California

County of Los Angeles—ss..

I, David Ciphers Dudley, the person whose name subscribed to the foregoing schedule, do hereby make solemn

oath that the said schedule is a statement of all my debts, in accordance with the Act of Congress relating to bankruptcy, according to the best of my knowledge, information, and belief.

David Ciphers Dudley
Petitioner

Subscribed and sworn to before me this 10 day of January, 1947.

Blanche Morris
Notary Public in and for said County and State
(Official Character.)

(6) [11]

SCHEDULE B.

STATEMENT OF ALL PROPERTY OF BANKRUPT Schedule B-1. Real Estate

Location and Description of all Real Estate owned by Debtor, or held by him, whether under deed, lease or contract.—Incumbrances thereon, if any, and dates thereof.—Statement of particulars relating thereto.

Estimated value
of Debtor's
Interest.
Dollars Cents

None None

Total None

David Ciphers Dudley Petitioner

(7) [12]

Schedule B-2
Personal Property

A.—Cash on hand

Dollars Cents
\$ 40.00

B.—Negotiable and non-negotiable instruments and securities of any description, including stocks in incorporated companies, interests in joint stock companies, and the like (each to be set out separately)

none

none

C.—Stock in trade, in.....business of leather goods manufacturer, at 1645 Cahuenga Blvd., of the value of Western silver buckles, hand carved belts, bill folds, luggage, etc.

\$ 5,361.48

D.—Household goods and furniture, household stores, wearing apparel and ornaments of the person

Household goods and furniture (subject to conditional sales contract held by Bank of America)	750.00
Wearing apparel	300.00

Total 6,451.48

David Ciphers Dudley Petitioner

Schedule B-2—Continued

Personal Property

E.—Books, Prints, and Pictures

None

Dollars Cents

None

F.—Horses, Cows, Sheep, and other animals
(with number of each)

None

None

G.—Automobiles and other Vehicles

1941 Pontiac 8 Sedan

1250.00

1939 Pontiac Club Coupe

625.00

(subject to conditional sales contract or
chattel mortgage held by Bank of
America)

H.—Farming Stock and Implements of Husbandry

None

None

Total

\$ 1875.00

David Ciphers Dudley Petitioner

(9)

[14]

Schedule B-2—Continued

Personal Property

I.—Shipping, and Shares in Vessels

None

Dollars Cents

None

J.—Machinery, fixtures, apparatus, and tools
used in business, with the place where
each is situated

	Dollars	Cents
machinery and equipment, furniture & fixtures, 1121 Lillian Way	\$	4634.50
machinery and equipment, furniture & fixtures, 1755½ Glendale Blvd.	\$	5549.00
(mortgaged to Bank of America and leased to Farrell Burton, Jr.)		
furniture & fixtures, 1463 N. Vine Street		2000.00
(mortgaged to Bank of America)		
furniture and fixtures, 1645 N. Ca-huenga Blvd.		Unknown
(mortgaged to Andy H. & Fannie Anderson)		
<hr/>		
K.—Patents, Copyrights, and Trade-Marks		
None		None
<hr/>		
L.—Goods or personal property of any other description, with the place where each is situated		
Lease dated December 21st, 1946 between Dave Dudley and Farrell Burton, Jr., covering certain machinery and equipment, furniture and fixtures, payable at the rate of \$55.00 per month		Unknown
<hr/>		
Total		12,183.50
David Ciphers Dudley Petitioner		
(10)		[15]

Schedule B-3
Choses in Action

A.—Debts Due Petitioner on Open Account		Dollars	Cents
See attached schedule		\$	4292.50
B.—Policies of Insurance			
Misc. policies of insurance			no value
C.—Unliquidated Claims of every nature, with their estimated value			
none			none
D.—Deposits of Money in Banking Institu- tions and Elsewhere			
State Sales Tax Division, State of Cali- fornia			25.00
Bank of America, Sunset & Gower Branch, Los Angeles, Calif., subject to Bank's lien			2754.65
Total		\$	7,072.15
David Ciphers Dudley Petitioner (11)			[16]

A.—Debts Due Petitioner on Open Account

T. V. Allen, 1025 W. 7th Street, Los Angeles, Calif.	126.09
Burtons, Ltd., 629 S. Hill St., Suite 900, Los Angeles, Cal.	2913.38
Cook's Jewelers, P. O. #426, Ajo, Arizona	10.29
J. W. Gupton, Jeweler, 1140 E. 10th St., Tuc- son, Arizona	43.46

	Dollars	Cents
Morrison's Jewelry Store, 146 Holt Ave., Pomona, Calif.		14.21
Phipps Jewelry Store, Hot Springs, New Mexico		55.00
J. Rohde, 1037 Euclid St., St. Monica Beach, Calif.		43.00
Western Silversmith, L. R. Richmond, 832 N. Edinburgh Ave., Los Angeles, Calif.		83.34
Western Electric Co., 6601 Romaine, Los An- geles, Calif.		281.19
Strasburg Jewelers, 6750 Hollywood Blvd., Hollywood, Calif.		2.50
Hollywood State Bank, Santa Monica & High- land, Hollywood, Cal.		49.20
Twentieth Century Fox, Hollywood, Calif.		5.00
Brown Derby Corp., 1628 N. Vine St., Holly- wood, Calif.		12.88
I. Magnin Co., 3240 Wilshire Blvd., Los An- geles 5, Calif.		6.00
Saks Fifth Ave., 9700 Wilshire Blvd., Los An- geles, Calif.		26.00
Mayfair Sports Shop, 1644 Wilcox Ave., Los Angeles, Calif.		22.87
Broadway Hollywood, Dept. 37, Hollywood & Vine, Hollywood, Cal.		143.85
Broadway Hollywood, Dept. 33, Hollywood & Vine, Hollywood, Cal.		269.40
C. D. Baxstresser, 254 Columbia Place, Los Angeles, Calif.		75.00
Hollywood Luggage Co., 312 South Bixel St., Los Angeles, Cal.		109.84
Total —		\$4292.50
David Ciphers Dudley Petitioner		[17]

Schedule B-4.

Property in reversion, remainder or expectancy, including property held in trust for the Debtor or subject to any power or right to dispose of or to charge.

(N. B.—A particular description of each interest must be entered, with a statement of the location of the property, the names and description of the persons now enjoying the same, the value thereof, and from whom and in what manner debtor's interest in such property is or will be derived. If all or any of the debtor's property has been conveyed by deed of assignment, or otherwise, for the benefit of creditors, the date of such deed should be stated, the name and address of the person to whom the property was conveyed, the amount realized as the proceeds thereof, and the disposal of the same, as far as known to the debtor.)

General Interest.	Particular Description.	Estimated value of Interest.	
		Dollars	Cents
Interest in Land			
	3 year lease on property at 1463 N. Vine street		
	3 year lease on property at 1645 Cahuenga Boulevard		unknown
<hr/>			
Personal Property			
	1 complete set of hand carving stamps and leather workers tools		\$1500.00

	Estimated value of Interest.	
	Dollars	Cents
Property in Money, Stock, Shares, Bonds, Annuities, etc.	none	none
<hr/>		
Rights and Powers, Legacies and Bequests		
10 fully paid shares, evidenced by Cer- tificate No. 2734, issued by Hollywood Building & Loan Association		1000.00
	Total	2500.00
<hr/> <hr/>		

Property heretofore conveyed for benefit
of creditors.

Portion of debtor's property conveyed by deed
of assignment, or otherwise, for the benefit
of creditors; date of such deed, name and
address of party to whom conveyed;
amount realized therefrom, and disposal of
same, as far as known to debtor.

Attorney's Fees.

Sum or sums paid to counsel, and to whom,
for services rendered or to be rendered in
this bankruptcy.

Cobb & Utley, fees and expenses 500.00

Total

David Ciphers Dudley Petitioner

Schedule B-5.

Property claimed as exempt from the operation of the act of Congress relating to bankruptcy.

(N. B.—Each item of property must be stated, with its valuation, and, if any portion of it is real estate, its location, description and present use.)

Property claimed to be exempt by the laws of the United States, with reference to the statute creating the exemption.

None

Valuation
Dollars Cents
None

Property claimed to be exempt by State laws, with reference to the statute creating the exemption.

Household goods, furniture, wearing apparel 1050.00

Section 690.1, 690.2 C. C. P.

10 fully paid shares, evidenced by Certificate No. 2734, issued by Hollywood Building & Loan Association 1000.00

Section 690.21, 690.12 C. C. P.

1 complete set of hand carving stamps and leather workers tools 1500.00

Section 690.4 C. C. P.

Total 3550.00

David Ciphers Dudley Petitioner

Schedule B-6.

Books, Papers, Deeds and Writings relating to
Debtor's Business and Estate

The following is a true list of all books, papers, deeds and writings relating to petitioner's trade, business, dealings, estate and effects, or any part thereof, which, at the date of this petition, are in petitioner's possession or under petitioner's custody and control, or which are in the possession or custody of any person in trust for petitioner, or for petitioner's use, benefit, or advantage; and also of all others which have been heretofore, at any time, in petitioner's possession, or under petitioner's custody, or control, and which are now held by the parties whose names are hereinafter set forth, with the reason for their custody of the same.

Books

Dollars Cents

Books and records of business, located at
office 1463 North Vine Street

none

Deeds

none

none

Papers

located at office at 1463 North Vine Street

none

David Ciphers Dudley Petitioner

OATH TO SCHEDULE B

State of California

County of Los Angeles—ss.

I, David Ciphers Dudley, the person who subscribed to the foregoing schedule, do hereby make solemn oath that the said schedule is a statement of all my property, real and personal, in accordance with the Act of Congress relating to bankruptcy, according to the best of my knowledge, information, and belief.

David Ciphers Dudley Petitioner

Subscribed and sworn to before me this 10th day of January, 1947.

Blanche Morris

Notary Public in and for said County and State
(Official Character)

(14)

[Endorsed]: Filed Jan. 11, 1947. Edmund L. Smith,
Clerk. [20]

United States District Court
Southern District of California

ORDERS OF ADJUDICATION AND OF
GENERAL REFERENCE

At Los Angeles, in said District, on January 11, 1947.

The respective petitions of each of the petitioners in the proceedings hereinafter mentioned, filed on the respective dates hereinafter indicated, that he be adjudged a bankrupt under the Act of Congress relating to bankruptcy, having been heard and duly considered; and there being no opposition thereto;

It is adjudged that each of said petitioners is a bankrupt under the Act of Congress relating to bankruptcy; and

It is thereupon ordered that the said proceedings be, and they hereby are, referred generally to the referees in bankruptcy of this Court, whose names appear opposite the respective proceedings hereinafter mentioned, to take such further proceedings therein as are required and permitted by said Act, and that each of the said bankrupts shall henceforth attend before said referee and submit to such orders as may be made by him or by a Judge of this Court relating to said bankruptcy.

Number 44,706-Y.

Title of Proceedings David Ciphers Dudley, dba Dave Dudley, and Hollywood Leather Goods Mfg. Co.

Filed 1-11-47.

Referee Hugh L. Dickson, Esq., Los Angeles, Calif.

JACOB WEINBERGER

United States District Judge

[Endorsed]: Filed Jan. 11, 1947. Edmund L. Smith,
Clerk. [21]

Receiver or Trustee	Bond No. S-425153
in Bankruptcy	Premium: \$40.00 per annum
	[Crest]

ASSOCIATED INDEMNITY CORPORATION

Head Office

332 Pine Street, San Francisco

In the District Court of the United States for the
Southern District of California

Central Division

No. 44706-Y In Bankruptcy

In the Matter of DAVID CIPHERS DUDLEY, doing
business as DAVE DUDLEY and HOLLYWOOD
LEATHER GOODS MFG. CO.,

Bankrupt.

BOND OF TRUSTEE

Know All Men by These Presents, That we, George T. Goggin of Los Angeles, California, as Principal, and Associated Indemnity Corporation, a corporation organized and existing under the laws of the State of California and having its principal office in the City and County of San Francisco, State of California, as surety, are held and firmly bound unto the United States of America, in the sum of Ten Thousand and No/100 Dollars, (\$10,000.00), in lawful money of the United States, to be paid to the said United States, for which payment, well and truly to be made, we bind ourselves and our heirs, executors, administrators, successors and assigns, jointly and severally, by these presents.

Signed and Sealed, this 5th day of February, A. D.
1947.

The Condition of this obligation is such, that whereas the above named George T. Goggin was on the 4th day of February, A. D. 1947, appointed Trustee in the case pending in bankruptcy in the said Court wherein David Ciphers Dudley, doing business as Dave Dudley and Hollywood Leather Goods Mfg. Co. is the Bankrupt, and he, the said George T. Goggin has accepted said trust with all the duties and obligations pertaining thereto:

Now, Therefore, if the said George T. Goggin as aforesaid, shall obey such orders as said Court may make in relation to said trust, and shall faithfully and truly account for all the moneys, assets and effects of the estate of the said Bankrupt which shall come into his hands and possession, and shall in all respects faithfully perform all his official duties as said Trustee, then this obligation to be void; otherwise to remain in full force and virtue.

[Seal]

GEORGE T. GOGGIN

ASSOCIATED INDEMNITY CORPORATION

By H. S. Vreeland Attorney-in-Fact

State of California

County of Los Angeles—ss.

On this 5th day of February, in the year one thousand nine hundred and forty-seven, before me, H. W. Smith, a Notary Public in and for said..... County, State aforesaid, residing therein, duly commissioned and sworn, personally appeared H. S. Vreeland, known to me to be the Attorney in Fact of the Asso-

ciated Indemnity Corporation, the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal, at my office, in the said County of Los Angeles, the day and year in this certificate first above written.

(Seal)

H. W. SMITH

Notary Public in and for the County of Los Angeles,
State of California

My Commission Expires Sept. 22, 1947.

Signed and sealed in the presence of .

.....
.....
.....

Examined and Recommended for Approval
as provided in Rule 28.

Approved the 7 day of February, A. D. 1947.

HUGH L. DICKSON

Referee in Bankruptcy

[Endorsed]: Filed Feb. 7, 1947. Hugh L. Dickson,
Referee.

[Endorsed]: Filed Feb. 17, 1947. Edmund L. Smith,
Clerk. [22]

[Title of District Court and Cause]

REFEREE'S CERTIFICATE ON REVIEW

I, Hugh L. Dickson, Referee in Bankruptcy in charge of this proceeding, do hereby certify that on the 21st day of March, 1947, I made and entered an Order herein sustaining the trustee's refusal to set aside to the bankrupt as exempt certain shares of stock in a building and loan association claimed exempt by him under provisions of Section 6 of the National Bankruptcy Act, and Section 690.21 of the Code of Civil Procedure of California, and overruling the exceptions of the bankrupt and the Trustee's Report of exempt property, a copy of which Order is hereto attached and herewith certified up.

STATEMENT OF EVIDENCE

At the time of the hearing on the exceptions to the Trustee's Report of exempt property it was stipulated between Messrs. Cobb & Utley, attorneys for the bankrupt, and Messrs. Craig & Weller, attorneys for the trustee, that testimony taken at the [23] examination of the bankrupt previously had could be considered by the Referee in determining the issues.

This evidence showed that prior to his bankruptcy the bankrupt was hopelessly insolvent and contemplated going through bankruptcy for the purpose of discharging his debts. While heavily in debt and clearly insolvent and while preparing his Petition in Bankruptcy to be filed in this court approximately one week before the filing of his voluntary petition the bankrupt acquired building and

loan stock of the value of \$1,000.00 for the purpose of claiming the same as exempt and preventing his creditors from realizing on this clearly non-exempt cash. He claimed the same as exempt together with household goods, furniture and wearing apparel of a value of \$1050.00, and a complete set of hand carving stamps and leather working tools of a value of \$1500.00. The trustee set aside the household goods, furniture and wearing apparel and the complete set of hand carving stamps and leather working tools to the bankrupt as exempt, but refused to set the shares of building and loan stock aside as exempt to the bankrupt.

The sole question to be determined is whether or not a bankrupt on the eve of bankruptcy and with the intent to withdraw from his bankrupt estate non-exempt cash or other assets, can for that express purpose, purchase exempt property out of his non-exempt assets and have them set aside to him as exempt in defiance of the rights *of the rights* of his creditors.

In determining this question in the negative I was satisfied from the evidence before me that the bankrupt had acted in bad faith deliberately and with a fraudulent intent on his part, and that seeking relief from the burden of his debts in a court operating on the equity side he should not be permitted to retain this property which was belatedly purchased by him in contemplation of bankruptcy and for the purpose of retaining it from his creditors.

I accordingly overruled the bankrupt's exceptions to [24] the Trustee's Report of exempt property and confirmed the same whereupon the bankrupt filed his petition for review.

I hereby certify to the District Judge the following papers:

1. Bankrupt's Voluntary Petition and Schedules (by reference).
2. Order of Adjudication (by reference).
3. Trustee's Report of Exempt Property.
4. Objections to Trustee's Report of Exempt Property by Bankrupt.
5. Memorandum of Opinion.
6. Findings of Fact, Conclusions of Law and Order re Exempt Property.
7. Petition for Review of Referee's Findings of Fact, Conclusions of Law and Order re Exempt Property.
8. This Certificate.

Respectfully submitted, this 23 day of May, 1947.

HUGH L. DICKSON

Referee in Bankruptcy

[Endorsed]: Filed May 23, 1947. Edmund L. Smith,
Clerk. [25]

[Title of District Court and Cause]

TRUSTEE'S REPORT OF EXEMPT PROPERTY

At Los Angeles, California, on the 19th day of February, 1947.

The following is a schedule of property designated and set apart to be retained by the bankrupt aforesaid as his own property under the provisions of the Acts of Congress relating to Bankruptcy.

General Head	Particular Description	Value
<hr/>		
Military Uniform, Arms, and Equipment:		
Property Exempt under State Law:		
Household Goods, Furniture, Wearing Apparel		\$1,050.00
1 Complete Set of Hand Carving Stamps and Leather Workers Tools		1,500.00

Trustee Refuses to Exempt the Following:

10 Fully Paid Shares, Evidenced by Certificate No. 2734 Issued by Hollywood Building & Loan Association	\$1,000.00
CC – Cobb & Utley, Attorneys for Bankrupt	
CC – Frank C. Weller, Attorney for Trustee	

GEORGE T. GOGGIN

Trustee

[Endorsed]: Filed Feb. 20, 1947. Hugh L. Dickson,
Referee.

[Endorsed]: Filed May 23, 1947. Edmund L. Smith,
Clerk. [26]

[Title of District Court and Cause]

OBJECTIONS TO TRUSTEE'S REPORT OF
EXEMPT PROPERTY

To the Honorable Hugh L. Dickson, Referee in Bankruptcy:

Now comes David Ciphers Dudley, the above named bankrupt, and objects to the trustee's report of exempt property in respect to that portion of the trustee's report filed herein on the 19th day of February, 1947, wherein said report so filed refuses to exempt ten (10) fully paid shares evidenced by Certificate No. 2734, issued by the Hollywood Building & Loan Association of the value of One Thousand Dollars (\$1,000.00).

The ground of exemption sets forth that said Certificate No. 2734 issued by the Hollywood Building & Loan Association, is exempt under Section 690.21 and Section 690.12 of the Code of Civil Procedure of the State of California, and that the same was claimed exempt by the above named bankrupt in his schedules on file herein, and that the bankrupt is entitled to have the same allowed pursuant to Section 6 of the Bankruptcy Act as amended.

Wherefore, your petitioner prays that the above entitled court [27] enter an order sustaining this objection to the Trustee's report of exempt property in connection with disallowance of the bankrupt's claim of exemption to Certificate No. 2734 of the Hollywood Building & Loan Association, and that the above entitled Court allow said certificate and the shares evidenced thereby to the above

named bankrupt as exempt property as provided by Section 6 of the Bankruptcy Act as amended, and Sections 690.21 and 690.12 of the Code of Civil Procedure of the State of California.

DAVID CIPHERS DUDLEY, Bankrupt
Petitioner

[Verified.] [28]

[Affidavit of Service by Mail.]

[Endorsed]: Filed Feb. 26, 1947. Hugh L. Dickson,
Referee.

[Endorsed]: Filed May 23, 1947. Edmund L. Smith,
Clerk. [29]

[Title of District Court and Cause]

MEMORANDUM OF OPINION

In this matter there is claimed as exempt Building & Loan stock in the amount of One Thousand Dollars (\$1,000.00), which was purchased by the bankrupt approximately one (1) week before filing his voluntary petition in bankruptcy and at a time when he was heavily in debt and clearly insolvent, and in the course of preparing his petition in bankruptcy.

In the matter of Roy J. Gorman, Bankrupt, 14 A. B. R., N. S. 145, decided by Referee Earl Moss and affirmed upon review by Judge Wm. P. James on October 2, 1929, it was held that "bankrupt may not on the eve of filing a petition in bankruptcy, and for the fraudulent purpose

of withholding non-exempt property from his creditors, convert it into exempt property and have allowed his exemption."

Therefore, I hold that this property consisting of Building & Loan stock is not exempt under the circumstances under which it was purchased.

The attorney for Trustee will kindly prepare appropriate findings and submit same to the opposing counsel for approval as to form.

Dated: February 19, 1947.

HUGH L. DICKSON

Referee in Bankruptcy

[Endorsed]: Filed May 23, 1947. Edmund L. Smith, Clerk. [30]

[Title of District Court and Cause]

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER RE EXEMPT PROPERTY

The Trustee herein having filed a return of exempt property and having denied exemption of ten shares of stock in the Hollywood Building and Loan Association of the value of \$1,000.00, and the bankrupt having filed objections thereto and the hearing on the said return and the objections thereto having been set for March 6, 1947, at 10:00 o'clock A. M. before Honorable Hugh L. Dickson, Referee in Bankruptcy, and Cobb & Utley, attorneys for the bankrupt, and Craig & Weller, attorneys for George T. Goggin, Trustee herein, having entered into a written Stipulation that all of the evidence heretofore

adduced at the first meeting of creditors might be considered as having been reintroduced at the hearing on said objections without the necessity of taking any further or additional evidence in this particular matter, and that the matter might be submitted on the evidence as introduced, and that the court might make his order based upon such evidence, and the matter having been submitted upon [31] said Stipulation and the evidence referred to therein, the court now finds as follows:

FINDINGS OF FACT

I.

The Court finds that the bankrupt, David Ciphers Dudley, doing business as Dave Dudley and Hollywood Leather Goods Mfg. Co., approximately one week prior to the filing of his petition in bankruptcy herein on the advice of his counsel used the sum of \$1,000.00 in cash for the purpose of purchasing ten shares of stock in the Hollywood Building and Loan Association, and that at the time that said purchase was made the said above named bankrupt was heavily in debt and was clearly insolvent, and that said purchase was made in contemplation of and while he was preparing to file a petition in bankruptcy, and the same was made for the specific purpose of removing said sum of \$1,000.00 from the reach of his creditors by placing the same in property considered exempt under the laws of the State of California, and the court finds that the said bankrupt in so converting non-exempt assets into those which the laws of the State of California declared exempt acted in bad faith with the corrupt design and intent to cheat and defraud his creditors.

CONCLUSIONS OF LAW

I.

As a conclusion of law from the foregoing facts the court finds that said conversion of assets was fraudulent as to creditors under Section 70 of the Bankruptcy Act, and that the trustee's return of exempt property in which he denied exemption to said Building and Loan stock should be approved.

II.

The court finds that as to said property so converted the trustee was vested with title to property as transferred by the bankrupt in fraud of his creditors under provisions of Section 20-a of National Bankruptcy Act, and is entitled to recover the same for the [32] benefit of the bankrupt estate.

III.

The court concludes that the trustee is now the owner of said shares of stock and entitled to the custody and control thereof.

ORDER

Upon the foregoing Findings of Fact and Conclusions of Law it is ordered that the trustee's return of exempt property filed herein be, and the same hereby is, approved.

Dated: This 21 day of March, 1947.

HUGH L. DICKSON

Referee in Bankruptcy

[Endorsed]: Filed Mar. 21, 1947. Hugh L. Dickson, Referee.

[Endorsed]: Filed May 23, 1947. Edmund L. Smith, Clerk. [33]

[Title of District Court and Cause]

PETITION FOR REVIEW OF REFEREE'S FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER RE EXEMPT PROPERTY

To the Honorable Hugh L. Dickson, Referee in Bankruptcy:

Now comes your petitioner, David Ciphers Dudley, the bankrupt in the above entitled proceeding, and petitions for review of an order made and entered on the 21st day of March, 1947, entitled "Findings of Fact, Conclusions of Law and Order re Exempt Property," and respectfully shows:

I.

That your petitioner is the bankrupt and is the party in interest in respect to the facts found and the order being reviewed herein, and is adversely affected by said order. That George T. Goggin, as trustee for petitioner's estate in the above entitled matter, is the other party in interest in respect to said order reviewed herein.

II.

That the Referee erred in finding under paragraph I, line 17, ". . . and the court finds that the said bankrupt in so converting [34] non-exempt assets into those which the laws of the State of California declared exempt acted in bad faith with the corrupt design and intent to cheat and defraud his creditors," in that the evidence shows that the bankrupt had not previously filed a declaration of homestead and that the claiming of an exemption given by the state law does not constitute bad faith or corrupt design, nor does it cheat or defraud creditors.

III.

The Referee erred in making the following conclusion of law: ". . . that said conversion of assets was fraud-

ulent as to creditors under Section 70 of the Bankruptcy Act, and that the trustee's return of exempt property in which he denied exemption to said Building and Loan stock should be approved," in that the purchase of building and loan shares in the bankrupt's name was not fraudulent as to creditors, and the bankrupt was and is entitled to the exemptions given by California statute and it was the duty of the trustee and the referee to allow the same as provided by the Bankruptcy Act.

IV.

The Referee erred in finding that the trustee was vested with title to property transferred by the bankrupt in fraud of his creditors whether under Section 20a of the Act or otherwise, and further finding that the trustee is entitled to recover the same, in that title to exempt property is never vested in the trustee and the changing of cash into shares registered in the name of the bankrupt is not a fraudulent transfer.

V.

The Referee erred in making the conclusion of law set forth in paragraph III as follows:

"The court concludes that the trustee is now the owner of said shares of stock and entitled to the custody and control thereof."

in that title to exempt property never passes to the trustee and [35] remains in the bankrupt.

VI.

The Referee erred in making the following order:

"Upon the foregoing Findings of Fact and Conclusions of Law it is ordered that the trustee's return of exempt property filed herein be, and the same hereby is, approved."

in that the bankrupt is entitled to have allowed as exempt all property exempt from the claim of creditors under California statute.

Wherefore, petitioner, feeling aggrieved because of the order heretofore referred to, and the findings and conclusions of law in respect thereto, prays that said findings of fact, conclusions of law and order be reviewed as provided by Section 39-c of the Bankruptcy Act as amended; that upon said review said order be reversed and annulled and that it be adjudged that your petitioner is entitled to have and own as exempt property, ten (10) shares of the Hollywood Building & Loan Association of the value of One Thousand Dollars (\$1,000.00), and that your petitioner be granted such other and further relief as is proper in the premises.

That the Referee prepare his certificate on review and add thereto the following:

1. Page 13 of Schedule B-5, showing the property claimed exempt by the bankrupt.
2. The trustee's return of exempt property.
3. A statement of the evidence offered on the hearing on said exempt property or the reporter's transcript in respect thereto.
4. Findings of fact, conclusions of law and order in respect to exempt property, dated March 21, 1947.
5. This petition for review.

Respectfully submitted,

DAVID CIPHERS DUDLEY, Bankrupt
Petitioner

COBB & UTLEY

By Francis B. Cobb

Attorneys for Bankrupt [36]

[Verified.] [37]

[Affidavit of Service by Mail.]

[Endorsed]: Filed Mar. 31, 1947. Hugh L. Dickson,
Referee.

[Endorsed]: Filed May 23, 1947. Edmund L. Smith,
Clerk. [38]

[Title of District Court and Cause]

NOTICE OF HEARING OF REFEREE'S
CERTIFICATE ON REVIEW

To: Messrs. Craig & Weller, Attorneys for Trustee
Messrs. Cobb & Utley, Attorneys for Bankrupt

You, and each of you, will please take notice that on the 14th day of July, 1947, at the hour of 10:00 o'clock A. M., or as soon thereafter as counsel can be heard, a hearing will be had before the Honorable Leon R. Yankwich, in his court room in the Federal Building, in Los Angeles, California, on the Referee's Certificate on Review, filed with the Clerk of the above entitled Court on the 23rd day of May, 1947.

Dated this 27th day of June, 1947.

EDMUND L. SMITH

Clerk U. S. District Court

[Endorsed]: Filed Jun. 27, 1947. Edmund L. Smith,
Clerk. [39]

[Title of District Court and Cause]

OPINION ON PETITION FOR REVIEW

Appearances:

For the Bankrupt: Cobb & Utley, Los Angeles, California.

For the Trustee: Craig & Weller, Los Angeles, California. [40]

Yankwich, District Judge—

The Bankruptcy Act of 1938 recognizes exemptions to which bankrupts are entitled by state laws and requires them to be claimed.(1) The duty of the Trustee to set apart the exempt property is also prescribed by the Act.(2) The effect of these provisions is that the right to exemptions, their nature and amount, are governed strictly by state laws, and the decisions of state courts interpreting them.(3) The law of California is very generous in the matter of exemptions. The exemptions are varied and numerous.(4) Exemption statutes are not only liberally construed, but “are generally subject to the most liberal construction which the courts could possibly give them.”(5) The courts of California have been most liberal in interpreting such statutes. They have taken the view that their object is to put a protective guard around the debtor’s property for his protection and that of his family, And because the exemption flows from the nature of the property and not from any claim of exemption,(6) the courts have protected it against attachment and execution,(7) against a claim for unpaid alimony,(8) and even against a waiver in advance by the debtor.(9)

The problem involved in this review must be approached in the light of these facts. The petitioner was adjudicated

a bankrupt on January 11, 1947, on a voluntary petition. In his schedules, he claimed as exempt ten shares of stock in the Hollywood Building & Loan Association, of the value of One Thousand Dollars (\$1000.00), under the Bankruptcy Act and the California Statute.(10) On February 20, 1947, the Trustee filed [41] a report of exempt property in which he denied the exemption. The bankrupt filed objections to the report. After a hearing, the Referee, on March 31, 1947, made an Order approving the Trustee's report. Factually, the conclusion reached by the Referee was based on the fact that the stock was purchased about a week before the adjudication, at a time when the bankrupt was "heavily in debt and clearly insolvent." This is a petition to review the Order. The applicable California Code section, which is very brief, exempts:

"690.21. (Same: Shares in Building and Loan Association.) Shares of stock in any building and loan association to the value of one thousand dollars."

Legally, the Referee grounded his decision on an opinion of one of our former Referees, Earl E. Moss, interpreting this section.(11) In it, Referee Moss held that a purchase of such stock while insolvent, immediately prior to bankruptcy, was a fraud on the creditors.

I do not have before me the evidence upon which the Trustee in that case based his denial of exemption. The opinion of the Referee would seem to indicate that the purchase was a part of a scheme on the part of the bankrupt to divert the sum of \$4000, which he received shortly before he signed his petition, of which \$1000 was applied to the purchase of the stock. Counsel for the Trustee in the present case base their position entirely,—as did the

Referee,—upon this opinion. [42] In fact, their brief merely urges us to read the cases upon which Referee Moss bases his decision. We have done so. And our conclusion is that whatever particular facts may have justified the Trustee and, later, the Referee in finding that a fraudulent scheme was in effect at the time of this transfer, the opinion, insofar as it holds that the acquisition of such exempt property with non-exempt funds by an insolvent debtor is, ipso facto, fraudulent, is unsound and should not be followed. For, if it were, the entire law of exemptions would be destroyed, and every trustee could invalidate any acquisition of exempt property within the four-months period prior to adjudication.(12) It is to be borne in mind that our Circuit Court of Appeals has held that the effect of the exemption of property under state statutes is that the property does not pass to the trustee and is “not subject to administration by the bankruptcy court.”(13)

An analysis of the opinion on which the claim of the Trustee is based leads to the conclusion that the Referee relied solely on cases in which the courts were satisfied that the acquisition of exempt property was a part of a scheme to divert non-exempt funds to exempt property, under circumstances which constituted actual fraud.(14) But cases in which the sole question involved was whether mere diversion by an insolvent debtor, without actual fraud, led to different conclusions. We find, for instance, that a chattel mortgage given to secure a creditor within the four-months period, and which, under the laws of California, was exempt from execution, was sustained against the claim of the Trustee.(15) More recently, our [43] Circuit Court of Appeals protected a

homestead against the claim of fraud of the Trustee.(16) In that case, the court held that the insolvency of the debtor at the time was immaterial. Among the cases it followed, was a leading California case,—Yager v. Yager.(17) That case has a very terse statement of the approach of the law when it comes to recognizing property such as homestead or other exempt property which the law seeks to protect against creditors. And it determines unequivocally that the doctrine applicable to fraudulent conveyances does not apply to exemptions of this type. We quote:

“A declaration of homestead may be filed during the pendency of litigation, at any time before the judgment has become a lien upon the property. It may be filed subsequent to the rendition of the judgment. (*Beaton v. Reid*, 111 Cal. 484 (44 Pac. 167); *Simonson v. Burr*, 121 Cal. 582 (54 Pac. 87); *Eby v. Foster*, 61 Cal. 282.) It will defeat an existing attachment lien. (*Lucci v. United Credit & Collection Co.*, 220 Cal. 492 (31 Pac. (2d) 369); *Jacobson v. Pope & Talbot*, 214 Cal. 758 (7 Pac. (2d) 1017).) It may be filed after levy of execution, and provided there is not a valid and subsisting judgment lien on the property, it is not subject to execution sale except upon proceedings had under sections 1245-1259 of the Civil Code, for reaching the excess in value above the homestead exemption of \$5000. [44] (*Beaton v. Reid*, supra.) The very purpose of the homestead law is to protect the property from existing debts. (*Gray v. Brunold*, 140 Cal. 615, 621, (74 Pac. 303).) The doctrine bearing on conveyances to delay and defraud creditors has no applica-

tion to the creation of a homestead.” (Lucci v. United Credit & Collection Co., *supra*; Simonson v. Burr, *supra*; 13 Cal. Jur. 477.)” (Emphasis added.)

Remington states:

“Whether non-exempt property can be converted into exempt property on the eve of bankruptcy must be determined by local law.”(18)

And where the exemption by state law is absolute and without any limitation as to time, or other restrictive conditions, the bankruptcy court, bound as it is to follow it, will apply the same rule, regardless of any provisions in the bankruptcy law relating to preferences.

As far back as 1903, our Circuit Court of Appeals determined that money used in the purchase of property while insolvent and on which a declaration of homestead was filed between the date on which a petition for involuntary bankruptcy was filed against him and the date of adjudication was exempt in bankruptcy. We quote the words of Circuit Judge Gilbert:

“The bankruptcy act provides that the allowance of exemption prescribed by state laws shall not be affected. The Constitution and Statutes of [45] California, therefore, as construed by the decisions of the courts of that state, must, independently of other authority, control our decision in this case. In *Randall v. Buffington*, *supra*, it was held that there is no rule of the law which prevents a debtor in insolvent circumstances from using the money which he has to pay off a mortgage on his homestead. In *Fitzell v. Leaky*, *supra*, the court said:

'It has never been held that a homestead was invalidated because the declarant was in debt, or declared the homestead to protect it from existing debts * * * The law authorizes a debtor to erect a barrier around the home over which the sheriff, although armed with final processes under such a judgment, cannot pass.. With the policy of the law or the abstract morality of a transaction, we have nothing to do. The doctrine bearing upon conveyances made to hinder, delay, or defraud creditors has no application to the creation of a homestead.'"(19)
(Emphasis added.)

Other courts have made similar rulings.

Thus, the Eighth Circuit Court of Appeals has held that, in the absence of extrinsic fraud, the conversion by an insolvent of non-exempt property into exempt property is permitted.(20) [46]

Quite recently, the Sixth Circuit Court of Appeals, under a state statute exempting the proceeds of a life insurance policy, ruled that payments of premiums on such life insurance, while insolvent, should be respected in bankruptcy court.(21)

In a case which came before me in 1937, and in which an adjudication was made on November 26, 1935, I sustained a declaration of homestead recorded by the bankrupt on October 14, 1935, on real property acquired by him and his wife and owned by them in joint tenancy. I ruled that, while the homestead declaration was ineffective as to the interest of the wife because of the nature of joint tenancy under the law of California, nevertheless, it was "valid to the extent of his own interest in the prop-

erty.”(22) So doing, I held that the Referee was right in setting aside the property as exempt and in sustaining the objections of the bankrupt to the Trustee’s report of exempt property which had denied the exemption.

The rulings in these cases are logical. They flow directly from the nature of the exemptions prescribed by the state codes. If the mere acquisition of exempt property while insolvent were sufficient ground to destroy the exemption, the acquisition of any such property, within the four-months’ period, could be nullified, and the protection which the state law gives to a debtor, even against the solemn money judgment of a court, would be denied him against creditors in bankruptcy. An anomalous condition would thus be created. A judgment creditor or a wife who has an alimony decree has a stronger claim on a debtor than a creditor who has advanced him money in a business [47] venture which failed. And if the benefit of an exemption can be claimed against such creditors, it should not be denied as to the ordinary creditor in bankruptcy. To do otherwise would destroy the exemption altogether and would result in the bankruptcy court substituting its own judgment as to what should be exempt for the solemn statutory enactments of the state of the bankrupt’s residence, which, as fully appears from the foregoing discussion,(23) are binding on us.

The matter is well put by the Circuit Court of Appeals for the Eighth Circuit in a leading case(24) :

“There is no claim of fraud in the severance of these sums of money into individual ownership, except that it took from partnership creditors a fund to which they could have resorted if it had remained partnership assets until placed in the custody of the

law, and placed it among the individual assets, where it was subject to a claim of exemption, and that this was done for that purpose, and when it was known to the partners that they and the firm were insolvent and in anticipation of early proceedings in bankruptcy. It is well settled that it is not a fraudulent act by an individual who knows he is insolvent to convert a part of his property which is not exempt into property which is exempt for the purpose of claiming his exemptions therein, [48] and of thereby placing it out of the reach of his creditors. *Flask v. Tindall*, 39 Ark. 571; *In re Irvin*, 120 Fed. 733, 57 C. C. A. 147; *Huenergardt v. John S. Brittain Dry Goods Co.*, 116 Fed. 31, 53 C. C. A. 505; *First National Bank v. Glass*, 79 Fed. 706, 25 C. C. A. 151; *In re Wilson*, 123 Fed. 20, 59 C. C. A. 100; *In re Thompson (D. C.)*, 140 Fed. 257; *O'Donnell v. Segar*, 25 Mich. 367; *Randall v. Buffington*, 10 Cal. 491; *Cipperly v. Rhodes*, 53 Ill. 346; *Meigs v. Dibble*, 73 Mich. 101, 40 N. W. 935; *Jacoby v. Parkland Distilling Co.*, 41 Minn. 227, 43 N. W. 52; *Palmer v. Hawes*, 80 Wis. 474, 50 N. W. 341; *Thomp. on Homesteads & Ex.*, Secs. 305-309.

“This has become an established principle, because the statute granting exemptions have made no such exceptions, and because the policy of such statutes is to favor the debtors, at the expense of the creditors, in the limited amounts allowed to them, by preventing the forced loss of the home and of the necessities of subsistence, and because such statutes are construed liberally in favor of the exemption.” (Emphasis added.)

In sum: the California statute places no time limit on the exemption of building and loan stock to the value of one thousand dollars. It does not say when building and loan stock must be acquired in order to be exempt.(25) Nor does it [49] say that the person shall be solvent at the time of acquisition. To sustain the Referee in this case, we would have to impose a time limit and make solvency a condition precedent to exemption. This would mean reading into the state statute restrictions which are not there. And this we cannot and should not do. And, as there is no showing of actual fraud, the stock is immune against the creditors and never passed to the trustee.

The Order of the Referee, dated March 31, 1937, approving the Trustee's report of exempt property is, therefore, reversed with direction to enter a proper order setting apart the stock as exempt.

Dated this 4th day of August, 1947.

LEON R. YANKWICH

Judge [50]

NOTES TO TEXT

1. Bankruptcy Act, Sections 6, 7(a)(8), 11 U. S. C. A. 25(a)(8).
2. Bankruptcy Act, Section 47(a)(6), 11 U. S. C. A. 75(a)(6).
3. Bankruptcy Act, Section 6, 11 U. S. C. A. 24; 8 C. J. S. Bankruptcy, Sec. 494; Holden v. Stratton, 1905, 198 U. S. 202; White v. Stump, 1924, 266 U. S. 310; Clark v. Nirebaum et al., 1925, 5 Cir., 8 F. (2) 451; In re Miller, 1934, 8 Cir., 74 F. (2) 86; Turner v. Bovee, 1937, 9 Cir., 92 F. (2) 791;

- Doethlaff v. Penn. Mutual Life Ins. Co., 1941, 6 Cir., 117 F. (2) 582.
4. California Code of Civil Procedure, Sec. 690, 690.1 to 690.23 inclusive.
 5. Dean v. Shephard, 1928, 9 Cir., 26 F. (2) 461, 461; and see, Hills v. Joseph, 1916, 9 Cir., 229 Fed. 865; see also my opinions in re Fox, 1936, D. C. Cal., 16 Fed. Sup. 320; In re Sterling, D. C. Cal., 1937, 20 Fed. Sup. 924.
 6. Williamson v. Monroe, 1917, 174 C. 462.
 7. North British & Mercantile Co. v. Ingalls, 1930, 109 C. A. 161; Yager v. Yager, 1936, 7 C. (2) 213; Montgomery v. Bullock, 1938, 11 C. (2) 58.
 8. In re Smallbone, 1940, 16 C. (2) 632.
 9. Industrial Loan & Investment Co. v. Superior Court, 1922, 189 C. 546.
 10. Bankruptcy Act of 1938, Sec. 6, 11 U. S. C. A. 24; California Code of Civil Procedure, 690.21.
 11. In re Gorman, 1929, 14 A. B. R. (NS) 145.
 12. Bankruptcy Act of 1938, Sec. 3(b); and see my recent [51] opinion in re Rand Mining Company, 1947, D. C. Cal., 71 Fed. Sup. 724.
 13. 8 C. J. S., Bankruptcy, Sec. 504; Lockwood v. Exchange Bank, 1903, 190 U. S. 294; Baumbaugh v. Los Angeles Morris Plant Co., 1929, 9 Cir., 30 F. (2) 816; and see, Ingram v. Wilson, 1903, 8 Cir., 125 Fed. 913; In re Bitner, 1918, 7 Cir., 255 Fed. 48; Clark v. Nirenbaum, 1925, 5 Cir., 8 F. (2) 451; Duffy v. Tegeler, 1927, 8 Cir., 19 F. (2) 305; Turner v. Bovee, 1937, 9 Cir., 92 F. (2) 791; Myers v. Matley, 1942, 9 Cir., 130 F. (2) 775; Stein v. Bos-

- tian, 1943, 133 F. (2) 586, 589; *Negin v. Solomon*, 1945, 2 Cir., 151 F. (2) 112.
14. *In re Gerber*, 1911, 9 Cir., 186 Fed. 693; *Kangas v. Robey*, 1920, 8 Cir., 264 Fed. 92, are illustrative of the cases on which the Gorman opinion is based.
 15. *Baumbaugh v. Los Angeles Morris Plant*, 1929, 9 Cir., 30 F. (2) 816.
 16. *Turnbeaugh v. Santos*, 1944, 9 Cir., 146 F. (2) 168.
 17. 7 C. (2) 213, at page 217.
 18. 3 *Remington on Bankruptcy*, 4th Ed., Section 1278.
 19. *In re Wilson*, 1903, 9 Cir., 123 Fed. 20, 22.
 20. *Forsberg v. Security State Bank*, 1926, 15 F. (2) 499. We are not impressed by the manner in which the Referee in the Gorman case attempts to distinguish this case. Nor can we follow the "extra-judicial" reasonings which counsel for the Trustee in this case urges as grounds for disregarding it, based on his residence in the state under [52] the law of which the case arose. The case needs no gloss. Its teaching is plain enough. It says that the conversion by an insolvent of non-exempt property into exempt, in the absence of actual fraud, does not warrant a denial of the exemption in bankruptcy.
 21. *Doethlaff v. Penn Mutual Life Insurance Co.*, 1941, 6 Cir., 117 F. (2) 582. Compare, *Schwartz v. Coen*, 1942, 2 Cir., 131 F. (2) 879. An examination of the cases cited by *Remington* under the section to which we have just referred in the text (See Footnote 18) brings out the significant fact that, except in states where restrictions are placed on certain exemptions, the only opinion supporting the proposition that the transfer of exempt property, in the absence

of actual fraud, is, by the very fact, invalid is the Referee's opinion which we are discussing.

22. In re Sterling, 1937, D. C. Cal., 20 Fed. Sup. 924, 927.
23. See cases in Footnotes 3 and 19.
24. Crawford v. Sternberg, 1915, 8 Cir., 200 Fed. 73, 76.
25. Compare Myers v. Matley, 1942, 9 Cir., 130 F. (2) 775, 777-778; Myers v. Matley, 1943, 318 U. S. 622, 625-628.

[Endorsed]: Filed Aug. 4, 1947. Edmund L. Smith, Clerk. [53]

[Title of District Court and Cause]

Honorable Leon R. Yankwich, Judge

ORDER ON PETITION FOR REVIEW

The petition of the bankrupt to review the Order of the Referee, dated March 31, 1947, heretofore argued and submitted, is now decided as follows:

Upon the grounds set forth in the opinion filed herewith, the Order of the Referee, dated March 31, 1947, approving the Trustee's Report of Exempt Property is reversed, with direction to enter the proper order setting apart the building and loan stock to the value of one thousand (\$1000.00) dollars as exempt.

Dated this 4th day of August, 1947.

[Endorsed]: Filed Aug. 4, 1947. Edmund L. Smith, Clerk. [54]

In the District Court of the United States
Southern District of California
Central Division

In Bankruptcy No. 44,706-Y

In the Matter of DAVID CIPHERS DUDLEY, dba
DAVE DUDLEY, and HOLLYWOOD LEATHER
GOODS MFG. CO.,

Bankrupt.

JUDGMENT ON ORDER ON PETITION FOR
REVIEW

The petition for review of the Referee's Order dated March 21, 1947 approving the Trustee's report of exempt property coming on for hearing pursuant to Notice on July 14, 1947 at 10 o'clock A. M. on said date, and the petitioner for review and the bankrupt appearing by his attorneys, Messrs. Cobb & Utley, Francis B. Cobb of counsel, and the Trustee appearing by his attorneys, Messrs. Craig & Weller and Russell B. Seymour, Thomas S. Tobin of counsel, and memoranda having been submitted by both parties and the Court having taken the matter under submission and having on August 4, 1947 made a Minute Order reversing the Order of Referee Hugh L. Dickson dated March 21, 1947, with directions, on motion of Messrs. Cobb & Utley, attorneys for the bankrupt and petitioner on review, It Is

Ordered, Adjudged and Decreed that the Order of the Referee, Hugh L. Dickson, dated March 21, 1947, be, and the same hereby is reversed and said Referee is directed to enter an Order [55] setting apart the Building & Loan stock of the value of \$1,000.00 as exempt as claimed by the bankrupt.

Done at Los Angeles in the Southern District of California, this 14th day of August, 1947.

LEON R. YANKWICH

United States District Judge

Approved as to Form Under Rule

FRANCIS B. COBB

THOMAS S. TOBIN

Judgment entered Aug. 14, 1947. Docketed Aug. 14, 1947. C. O. Book 44, page 685. Edmund L. Smith, Clerk; by John A. Childress, Deputy.

[Endorsed]: Filed Aug. 14, 1947. Edmund L. Smith, Clerk. [56]

[Title of District Court and Cause]

NOTICE OF APPEAL

To David Ciphers Dudley, Bankrupt herein, and Messrs. Cobb & Utley, his Attorneys:

You Will Please Take Notice that the undersigned, George T. Goggin, Trustee in Bankruptcy for the above named bankrupt estate, hereby appeals to the United States Circuit Court of Appeals for the Ninth Circuit from the Order and Judgment of Honorable Leon R. Yankwich entered on the 14th day of August, 1947, wherein the Order of Referee in Bankruptcy, Hugh L. Dickson, dated March 21, 1947, approving the Trustee's report of exempt property was reversed with directions to enter the proper Order setting apart the Building & Loan stock

of the value of \$1,000.00 as exempt, and from the whole thereof.

Dated: August 18th, 1947.

CRAIG & WELLER

RUSSELL B. SEYMOUR

THOMAS S. TOBIN

By Thomas S. Tobin

Attorneys for Trustee [57]

Service of the within Notice of Appeal is hereby admitted this 21 day of Aug., 1947. Cobb & Utley, by Ernest R. Utley, Attorneys for Bankrupt.

[Endorsed]: Filed Aug. 21, 1947. Edmund L. Smith, Clerk. [58]

[Title of District Court and Cause]

CERTIFICATE OF CLERK

I, Edmund L. Smith, Clerk of the District Court of the United States for the Southern District of California, do hereby certify that the foregoing pages numbered from 1 to 64 inclusive contain full, true and correct copies of Petition and Schedules; Orders of Adjudication and of General Reference; Bond of Trustee with Approval of Referee thereon; Referee's Certificate on Review; Trustee's Report of Exempt Property; Objections to Trustee's Report of Exempt Property; Memorandum of Opinion; Findings of Fact, Conclusions of Law and Order re Exempt Property; Petition for Review of Referee's Findings of Fact, Conclusions of Law and Order re Exempt Property; Notice of Hearing of Referee's

Certificate on Review; Opinion on Petition for Review; Order on Petition for Review; Judgment on Order on Petition for Review; Notice of Appeal; Statement of Points Upon Which Appellant Intends to Rely on Appeal and Designation of Record on Appeal which constitute the record on appeal to the United States Circuit Court of Appeals for the Ninth Circuit.

I further certify that my fees for preparing, comparing, correcting and certifying the foregoing record amount to \$16.00 which sum has been paid to me by appellant.

Witness my hand and the seal of said District Court this 25 day of September, A. D. 1947.

(Seal)

EDMUND L. SMITH

Clerk

By Theodore Hocke

Chief Deputy Clerk

[Endorsed]: No. 11745. United States Circuit Court of Appeals for the Ninth Circuit. George T. Goggin, Trustee in Bankruptcy of the Estate of David Ciphers Dudley, doing business as Dave Dudley and Hollywood Leather Goods Mfg. Co., Bankrupt, Appellant, vs. David Ciphers Dudley, doing business as Dave Dudley and Hollywood Leather Goods Mfg. Co., Bankrupt, Appellee. Transcript of Record. Upon Appeal From the District Court of the United States for the Southern District of California, Central Division.

Filed September 29, 1947.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals for the Ninth Circuit.

In the Circuit Court of Appeals of the United States
in and for the Ninth Circuit

No. 11745

GEORGE T. GOGGIN, Trustee, et al.,

Appellant,

vs.

DAVID CIPHERS DUDLEY, et al.,

Appellee.

POINTS ON WHICH APPELLANT INTENDS TO
RELY ON APPEAL

The undersigned, Attorneys for Appellant and Trustee, hereby designate the following points on which they intend to rely on appeal:

Point 1: That the District Court erred in reversing the Order of the Referee declining to sustain the Objections to the Trustee's Return of Exempt Property, and approving the same.

Point 2: That the District Court erred in not affirming and adopting the Referee's Findings of Fact, Conclusions of Law and Order re Exempt Property dated March 21, 1947.

Point 3: That the District Court erred in making an Order directing that an Order be made by the Referee setting apart the Building & Loan stock of the value of \$1,000.00 claimed by the bankrupt as exempt.

Point 4: That the District Court erred in holding that an insolvent bankrupt within a few days prior to the filing of his petition, and while insolvent and at a time when his petition in bankruptcy is being prepared, and while in contemplation of bankruptcy, has a right

as against creditors to convert non-exempt assets into assets which are exempt when such conversion is made in bad faith and with the corrupt design and intent on the part of the bankrupt to cheat and defraud his creditors.

Wherefore, appellant prays that the Judgment and Order of the District Court be reversed and that the Order of the Referee dated March 21, 1947, be approved and affirmed.

CRAIG & WELLER

By Thomas S. Tobin

Attorneys for Appellant and Trustee

[Endorsed]: Filed Nov. 10, 1947. Paul P. O'Brien,
Clerk.